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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: November 07, 2006

SPOe Ultimatum for OeVP

11. SPOe leader Alfred Gusenbauer has said he will give the Conservatives until Sunday to "come to their senses" and resume negotiations on forming a grand coalition government. Meanwhile, Vienna Mayor Michael Haeupl suggests a minority Social-Democrat-led government if a majority coalition cannot be formed. Following a meeting of the SPOe leadership, party boss Alfred Gusenbauer says he expects "decisive progress" by the weekend towards resolving the standoff in the coalition talks, semi-official daily Wiener Zeitung writes. The Social Democrats are stepping up the pressure on the Conservatives, who called off coalition negotiations for the duration of the investigative committees in Parliament on the Eurofighter deal and the banking scandals. Mass-circulation daily Kurier says Gusenbauer says President Heinz Fischer could even recall the current government to pave the way for a new one. According to a report on ORF radio early morning news Morgenjournal, Vienna Mayor Michael Haeupl, a senior figure among the Social Democrats, has said that if the OeVP does not return to the negotiations within the next two weeks, a minority government could run the country during what he called a "transition period" until a stable coalition emerged.

Jet Bailout Would Cost 1.2 Billion Euros

12. Austrian Defense Minister Guenther Platter says Austria would lose at least 1.2 billion Euros were it to back out of a deal to purchase 18 Eurofighter aircraft. He also warned such a move would damage Austria's image and would put the country's national security at risk. According to semi-official daily Wiener Zeitung, EADS, the company which manufactures the planes, has called the 1.2 billion Euro cancellation fee "a rough estimate", but said any moves to quit the deal three years after it was concluded and less than one year before the first aircraft are due to be delivered "would present considerable costs" for the Republic of Austria. Defense Minister Guenther Platter had been urged to present a report on what quitting the deal would cost at a recent extraordinary session of parliament called by the Social Democrats, the Greens and the Freedom Party. Platter said abrogating the agreement to buy the jet fighters would damage Austria's international image as a reliable business partner. He also emphasized that the Eurofighters are vital to national security, because without the new military jets Austrian airspace would be vulnerable.

Interview with Ambassador McCaw

13. An Austrian newspaper publishes an interview with US Ambassador Susan R. McCaw on Tuesday's Congressional elections in the US, President George Bush, US foreign policy and the transatlantic relations.

In an interview with mass-circulation tabloid Kronen Zeitung, US Ambassador to Austria Susan McCaw said the outcome of today's US midterm elections is hard to predict. A Democratic victory could "mean it would be more difficult for President Bush to realize his legislative agenda with a Democratic Congress - more difficult, but not impossible. In such a situation, you could expect to see closer collaboration between the White House and the Congressional leadership. But they would find a way to get things done." After all, "neither Congress nor the White House wants to be seen by the public as responsible for bringing government to a halt. As a result, Congress and the White House work together on political initiatives to reach agreements," the Ambassador emphasized. She noted that the "war in Iraq that has been the major foreign policy issue during the election campaigns." However, "while we continue to discuss and debate the rationale for the war, most observers agree that the world is better with Saddam Hussein out of power, and it would be a mistake for Coalition forces to pull out of Iraq immediately." Both the Republicans and the Democrats "recognize (immediate withdrawal) would be a mistake," the Ambassador says and adds that therefore she does not believe a Democratic victory would bring about a major shift in US foreign policy. The transatlantic relationship is "very good, and getting stronger. The US and Europe realize we have more to gain by acting together in our common interests than by acting separately," Ambassador McCaw underscored.

#### US and EU Boost Anti-Terror Cooperation

14. The United States and the European Union are looking to boost their cooperation in the fight against terrorism. Following talks with US Attorney General Alberto Gonzales in Washington yesterday, EU Justice Commissioner Franco Frattini announced that a "contact group" aimed at improving cooperation among respective justice authorities has been set up.

ORF online news quotes EU Justice Commissioner Franco Frattini as explaining the EU and the US had "decided to form a contact group, not to take over bureaucratic tasks, but to look into how our joint values and principles can be fit into common proposals." The contact group on fighting terrorism is to fight crime in general, he added. Meeting with the Commissioner, US Attorney General Alberto Gonzales stressed that the contact group would help intensify cooperation of the Public Prosecutors' offices in the US and Europe. This "will enhance our ability to fight international crime," Gonzales said.

#### Midterm Elections in the US

15. Today's midterm elections in the US are generating massive media interest in Austria. The Washington correspondent for one daily suggests "there is no doubt President Bush will be a 'lame duck' after the vote," in which the Republicans are expected to face losses. On top of that, there is the "chance a Democratic majority in Congress could launch impeachment proceedings against the President."

All Austrian media report extensively on today's midterm elections in the US. According to ORF radio early morning news Morgenjournal, US President George Bush has been making a final appeal for votes as his Republican Party faces losses in the Congressional elections. The Democrats, who have lost some of their lead in final opinion polls, are focusing on Iraq and what they call a "failed policy," ORF radio says. Both parties have sent thousands of volunteers to so-called "battleground states," where incumbents may lose.

Washington correspondent for mass-circulation tabloid Kronen Zeitung Hans Janitschek believes that a Democratic victory could bring about impeachment proceedings against President Bush. He quotes leading Democrat Howard Dean as saying the President had "deceived the entire country." Indeed, some Democrats months ago reportedly drew up plans for possible impeachment, Janitschek says. The correspondent suggests that with a Democratic majority in both Houses of Congress, the President could be forced to resign within a

year.

In liberal daily Der Standard, foreign affairs writer Christoph Winder writes about the "political consequences of a potential Democratic victory in Congress." Citing the US system of "checks and balances," Winder points to the "massive Republican excess of power not only in Congress, but in other key areas" of the US government and judiciary - an argument often cited by the Democrats in the campaign. According to Winder, Democrats complain that the system of checks and balances, although not overturned, has been weakened considerably under a "Republican Rubber Stamp Congress," which dutifully implements the President's proposals instead of resisting his power ambitions. The writer adds that, according to opinion polls, the Republican majority could end today. Aside from the symbolic defeat, this could have a number of political consequences, including attempts by the Democrats to reverse tax cuts for the super rich, or to scrutinize the Bush administration's performance

in the US-led Iraq war, Winder writes.

#### Discord after Saddam Hussein Verdict

16. The death sentence for former Iraqi dictator Saddam Hussein is causing new disagreement between the Europe and the US. The European Union and several member states have urged the Iraqi government not to carry out the death sentence. The US has reacted "with irritation" to this move.

Following the Iraqi tribunal's pronouncement of the death sentence for Saddam Hussein, the European Union, a number of its member states and heads of government including German Chancellor Angela Merkel, and the UN Human Rights Commission have urged Iraq to suspend the death sentence, ORF online news reports. Meanwhile, according to ORF radio early morning news Morgenjournal, US Secretary of State Condoleezza Rice has suggested European countries

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refrain from calling on Iraq not to execute Saddam Hussein. Her comments came after British Prime Minister Tony Blair, Finland's EU Presidency, France and Italy all expressed opposition to the death penalty. Rice told the Fox network that it was a decision for Iraq. "If you've watched the testimonies of these people who lost family members, who found mass graves, people who suffered at the hands of Saddam his henchmen, you know that this is very much an Iraqi process," ORF radio quotes the Secretary of State.  
Phillips